

## Profile of Chunghwa Telecom

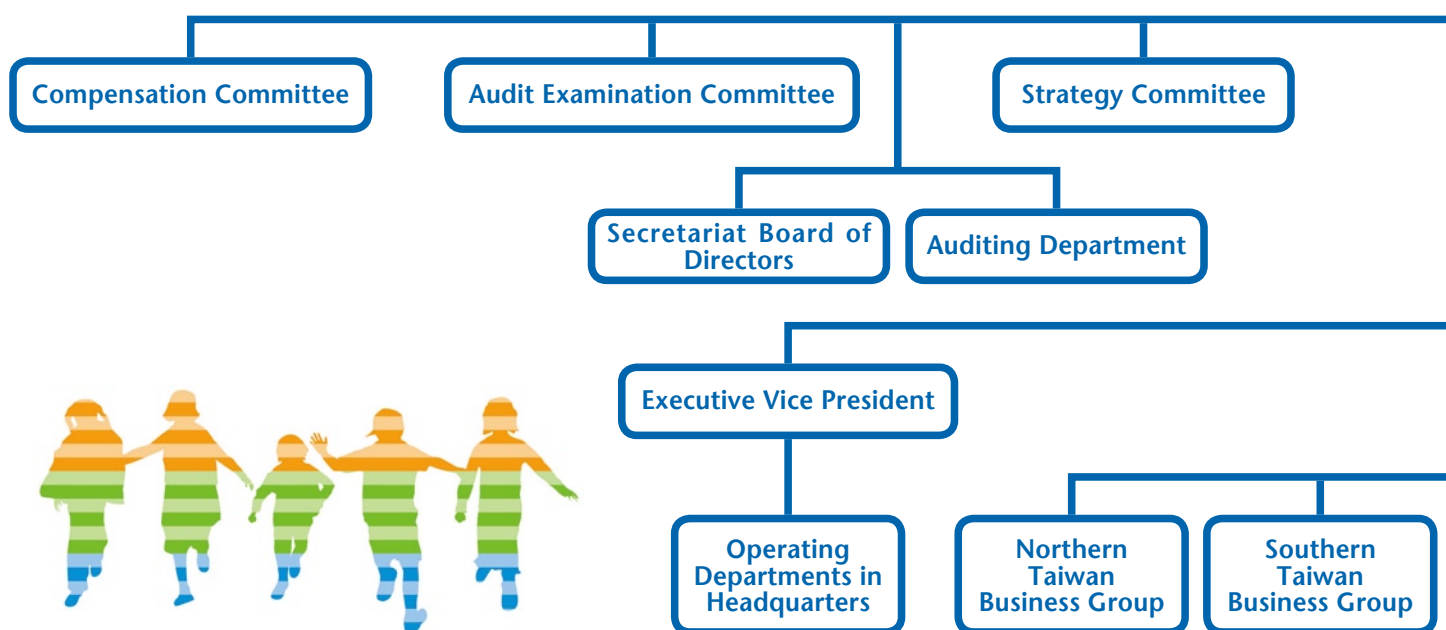
Chunghwa Telecom was officially established in 1996 as part of corporatization efforts by the government of the Republic of China in accordance with the "Three Telecom Laws" including "Telecom Act", "Organizational Statute of the Directorate General of Telecommunications" and "Statue of Chunghwa Telecom Co., Ltd." It was operating as a business unit of the Directorate General prior to the formation. In 1997, Chunghwa Telecom started to push forward the privatization policy to reduce the government's shareholdings. Eight years later on August 12, 2005, Chunghwa Telecom became a privatized company by way of reduced ownership of the government to less than 50%.

We are the largest integrated telecom carrier in Taiwan providing fixed, mobile, and data communication services. With the best networking and service quality, we are guaranteed to provide the best services to meet consumers' demand.

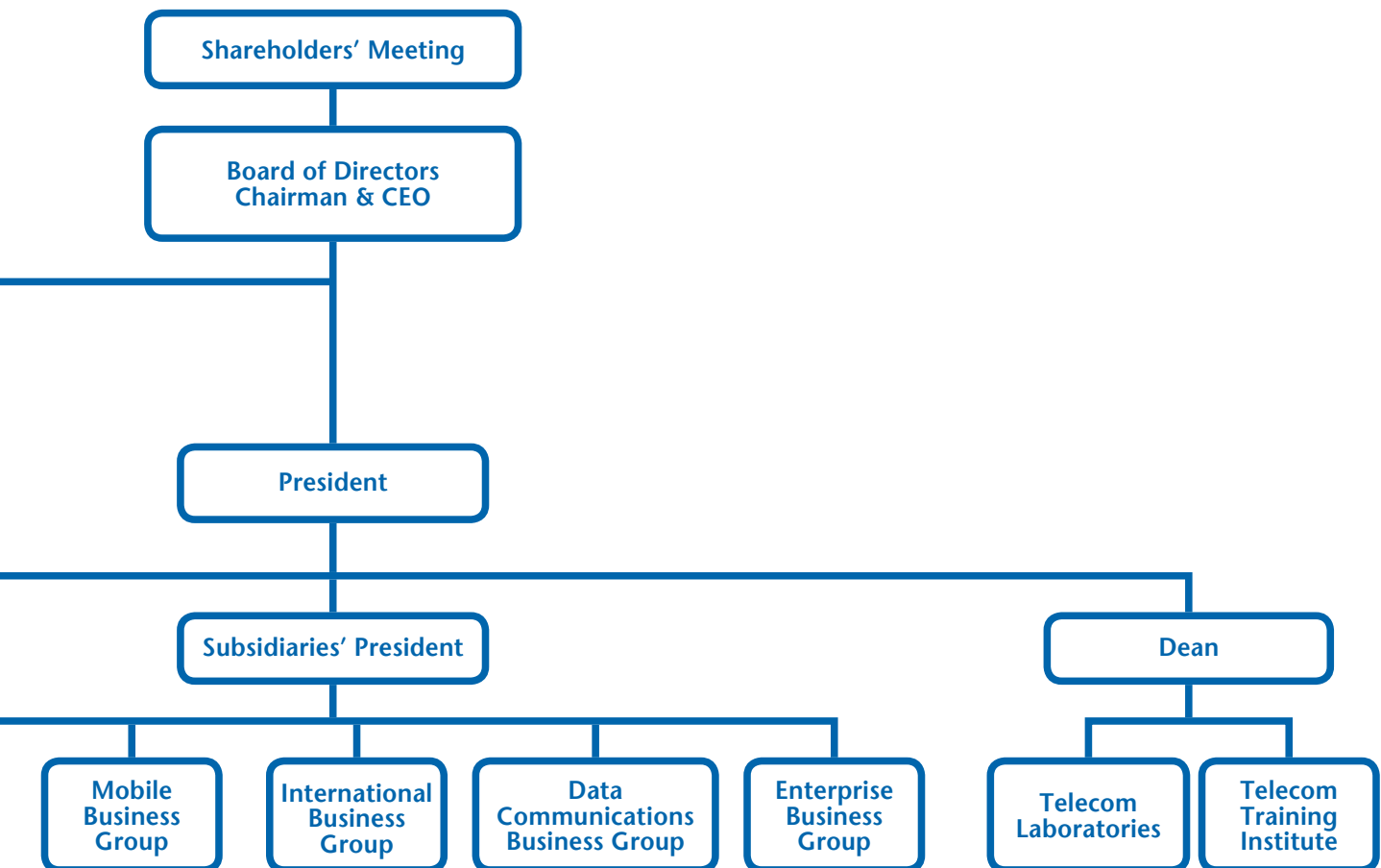
### Business Philosophy

To cope with the trend of splendid lifestyles and upgrading of business operations set off by the extensive use of mobile communication and the internet, we continue to strengthen core competence, and expand the integration of telecom networks and information technology through alliances, cooperation, mobile commerce development, internet use, and broadband media services, in hopes to provide services to meet the needs of the public and become a business partner of the majority of corporations. To fulfill corporate social responsibility, Chunghwa Telecom is dedicated to utilize its core competence, and creating digital opportunity, environmentally sustainable development, consumer care and employee care, so as to demonstrate corporate citizenship behavior that goes beyond regulatory requirements.

### Chunghwa Telecom Organizational Chart

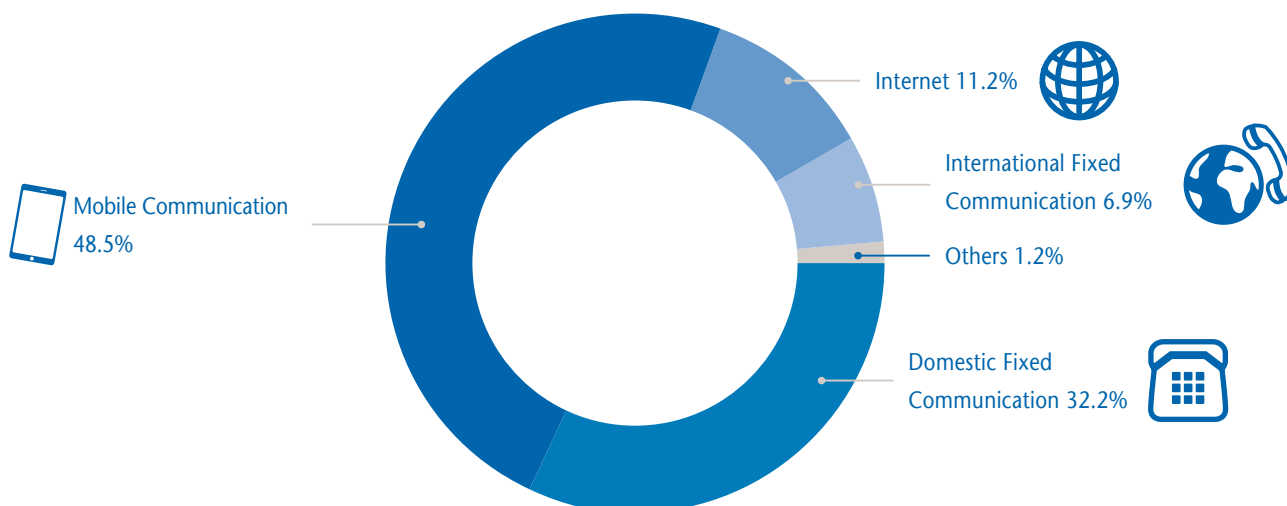


## We Will



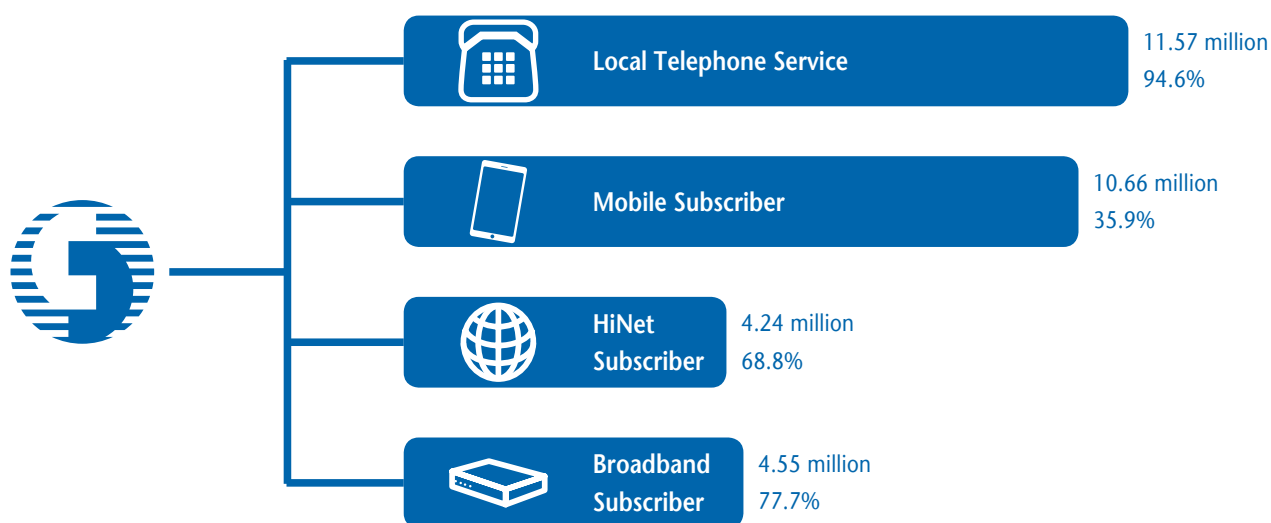
In 2013, Chunghwa Telecom aimed to achieve performance of value-added services and continued to push forward user migration to higher speed services. The domestic fixed communication revenue accounts for 32.2% of the total revenue, mobile communication accounts for 48.5%, internet accounts for 11.2%, international fixed communication accounts for 6.9%, and others accounts for 1.2%.

### The Contribution of Business



With the effort of all employees, mobile internet subscription had reached 3.94 million by the end of 2013; market share has led the industry with a quarter-on-quarter increase to 34.8%. HiNet broadband subscription reached 2.96 million, among which, subscription for above 60Mbps has reached 1.14 million. With complete network infrastructure, and stabilization of innovative business such as information technology and cloud services, the acquisition of related corporate and government information and communication projects indicates the competitiveness of Chunghwa Telecom in the industry cannot be ignored.

### Market Share



The market share of our telecom services demonstrates our importance to economic development, while the ICT (Information and Communication Technology) industry has had a great impact on the country's overall industry and economic development through enhancement of operational efficiency and productivity. Hence, we strive to improve our sustainable competitiveness and align with peer industries and consumers to create pioneering products and services, and achieving win-win collaboration.

## Create Shareholder Value

The penetration and rapid growth of smart mobile devices in 2013 has shaped the world into continuous development of innovative applications to meet the demand. The ever-increasing consumer expectation in terms of internet speed and quality has resulted in fierce competitiveness among players. In the midst of a market full of opportunities and challenges, Chunghwa Telecom is determined to contribute its full efforts on the deployment of mobile and fixed broadband networks, while providing products and services to meet customers' satisfaction, so as to stabilize its market-leading position and demonstrate good business performance.

The consolidated revenue of Chunghwa Telecom increased 3.0% YoY to NT\$ 227.98 billion in 2013, exceeding forecast by 104.7%. Whereas the prevailing of smart mobile devices and growth of both value-added revenue and sales revenue, not to mention the growth in the revenue of information and communication project, the impact of decreasing in the revenue of voice services has become minimal. Net profit attributable to equity holders of the parent company is NT\$ 39.7 billion and EPS is NT\$ 5.12, both have exceeded 105.6% of the financial forecast.

Total joint venture was NT\$ 17.23 billion by the end of 2013, related profit was NT\$ 1.1 billion, and the contribution of the subsidiaries included in the consolidated report to consolidated revenue was NT\$ 33.91 billion, a YoY increase by 13%. In the days to come, we will continue to develop new business domestically, value added services, and overseas ICT market.

## Tax Incentives

In addition to continuous profitability and financial soundness for a stable operation over the years, we, as an honest tax payer, have made significant and substantial contributions to the country. Despite the challenging business environment in the days to come, we are determined to focus on our profession to create maximum profit for our shareholders.

Chunghwa Telecom has adhered to the principle of being an honest taxpayer. The difference between the 16.23% effective tax rate computed by Chunghwa Telecom and the statutory rate of 17% in 2013 is: According to Article 4 of the Income Tax Act, net dividends or net surplus earnings received by a profit-seeking enterprise organized as a company from its investment in another domestic profit-seeking enterprise is exempt from profit-seeking-enterprise income tax. In addition, according to Article 10 of the Industrial Innovation Act regarding the tax incentives for the application investment tax credit.



# Key CSR Milestones in 2013

- Received Certificate of Recognition from Tamkang University for schooling fund donation.
- Received 1<sup>st</sup> place in “Best Brand Award” - telecommunication sector issued from Business Today for the 6<sup>th</sup> consecutive years.
- Received Certificate of Recognition for Tutoring Children in Remote Areas Program “Reading with You” from Ministry of Education.
- Received 2013 “Taiwan Top 50 CSR Awards” and three “Corporate Sustainability Development Awards”.

Nov



Dow Jones  
Sustainability Indexes  
Member 2013/2014

- Selected as component stocks in DJSI-World and DJSI-Emerging Markets.

Sep

- Received “Taiwan TOP5000 Enterprise Award” for Telecommunication sector issued by China Credit Information Service.
- Information disclosure ranking of A<sup>++</sup>.

Jul

- Received Reader's Digest Trusted Brand's Platinum Award -Telecommunication Communications Service.

May



- Received S&P long term rating of “AA” and Taiwan Ratings long term/short term rating of “twAAA/twA-1+”.
- North District received Outstanding Award of “Taipei City Excellent Healthy Workplace Award”.

Jan

Dec

- Received 1<sup>st</sup> place for both “Outstanding Brand Awards” and “Outstanding Strategy Awards” in “Agency and Advertiser of the year 2013.”
- Received Arts and Business Awards from Ministry of Culture.

Oct

- Received Gold for Technology Innovation Awards - Broadband Communication and Excellent for Cloud & IOT for “e-Fleet Management System Service” and “System Integration and Reengineering for Taxation Information Systems” in “Broadband Taiwan 2013”.
- Received 3 Gold, 3 Silver and 3 Bronze Medal for invention contest at the 2012 Taipei International Invention Show & Technomart.
- Chunghwa Telecom Laboratories received Industrial Innovation Achievement Award for Product/System/Service Innovation Awards.
- EARTH System received “3<sup>rd</sup> Taiwan Green Classics Awards”.

Aug

- Received 1<sup>st</sup> place in Commonwealth CSR Awards for the 7<sup>th</sup> consecutive year.

Jun

- Received CRE Awards 2012 - Contact Center of the Year.
- Ranked 2<sup>nd</sup> place in “Digital Service Benchmark Enterprise”, and 1<sup>st</sup> place in “Information Channel and Communication Industry” in Digital Age.

Apr

- Selected by 2013 Young Generation Brand Survey in 30 Monthly as favorite brand.
- Selected by 2013 Influential Telecommunication Brand in Manager Today to receive Super Power Brand Award.